
Montgomery County, Maryland ▪ Office of Management and Budget



**County Executive's
FY13 Recommended Operating Budget and
FY13-18 Public Services Program**



**Isiah Leggett, County Executive
March 2012
Budget in Brief**

Mission Statement

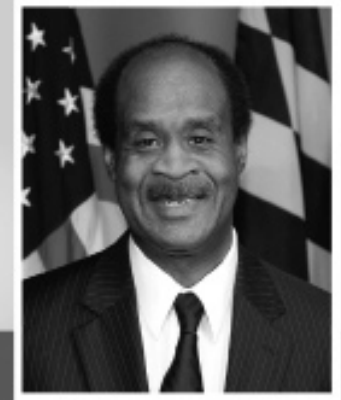
MONTGOMERY COUNTY GOVERNMENT

WE pursue the common good by working for and with Montgomery County's diverse community members to provide:

- A Responsive and Accountable County Government
- Affordable Housing in an Inclusive Community
- An Effective and Efficient Transportation Network
- Children Prepared to Live and Learn
- Healthy and Sustainable Communities
- Safe Streets and Secure Neighborhoods
- A Strong and Vibrant Economy
- Vital Living for All of Our Residents

AS dedicated public servants, the employees of the Montgomery County government strive to embody in our work these essential values:

- | | | |
|-------------------|-----------------|------------------------------|
| • Collaboration | • Inclusiveness | • Knowledge |
| • Competence | • Innovation | • Respect for the Individual |
| • Fiscal Prudence | • Integrity | • Transparency |



Isiah Leggett
ISIAH LEGGETT

www.montgomerycountymd.gov




OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

March 15, 2012

TO: Roger Berliner, President, Montgomery County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: FY13 Operating Budget and FY13-18 Public Services Program

In accordance with the County Charter, I am pleased to transmit to you my Recommended FY13 Operating Budget and FY13-18 Public Services Program.

This budget reflects the concerns and policy issues that I heard County residents express during the many Town Hall Meetings, Budget Forums, On-Line Chats, and other community meetings I have held over the past year to better understand the hopes, expectations, and needs of the people of our County. I am also grateful to the County's advisory boards and commissions for their input during my deliberations.

This budget supports my priority policy objectives:

- Children Prepared to Live and Learn
- Affordable Housing in an Inclusive Community
- Safe Streets and Secure Neighborhoods
- A Responsive and Accountable County Government
- Healthy and Sustainable Communities
- An Effective and Efficient Transportation Network
- A Strong and Vibrant Economy
- Vital Living for All of Our Residents

For the past several years, the County has experienced the worst economic downturn since the Great Depression. This has resulted in service cuts for our residents, wage freezes and furloughs for all County employees, and significant reductions in County staff. As we struggled to adjust to the new economic realities, I stated that we would emerge from this recession a stronger, though leaner organization. In fact, this is occurring. As the details of the budget will show, County employees continue to provide our residents with an exceptional level of service. Despite the downturn in the economy and reductions in staff, many measures indicate that employee productivity is continuing to increase. These productivity improvements have occurred while we have reduced salaries and benefits and placed larger workloads on remaining staff as total staffing numbers have declined.

Despite these successes, the necessary steps we have taken to address the budget gaps have resulted in significant public service reductions which have negatively affected the quality of life that our taxpayers and residents expect. Library hours essential for the education and enrichment of our residents have been reduced and recreation centers serving all ages, from youth to seniors, have seen significant service cutbacks. Our public safety services have also not kept pace with our growing population, placing a strain on the public safety systems and placing our residents at higher risk. County facility maintenance has noticeably deteriorated and many County roads are awaiting repair.

The FY13 Operating Budget that I am presenting to you today seeks to strategically restore some of the most critical and important services that will more appropriately address the needs of our residents. I have also included funding for most County employees to receive a \$2,000 lump sum payment that will not add to the employee's base salary. For Montgomery County Public Schools (MCPS), Montgomery College, Washington Suburban Sanitary Commission (WSSC) and Maryland-National Capital Park and Planning Commission (M-NCPPC), I am assuming that their respective governing bodies will provide their employees with comparable one-time payments.

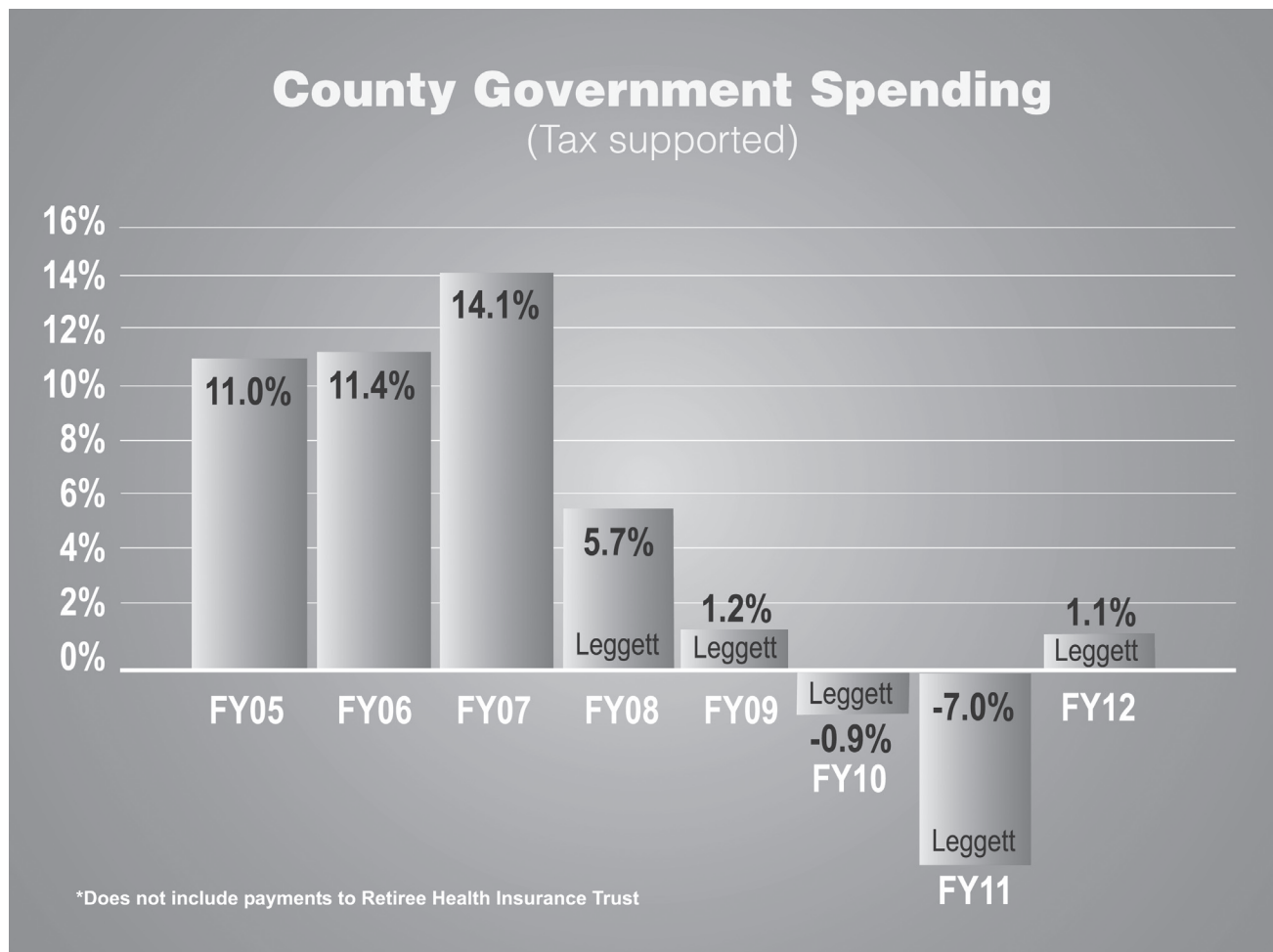
While addressing these concerns, I maintain my commitment to prudent and fiscal policies that we have mutually agreed are critical to maintaining the County's sound fiscal management. Consistent with County law and policy, I increased our reserve levels to cushion the County against any additional unanticipated economic setbacks. I have also included in the recommended budget increased funds for retiree health benefits, as required. The funding level for retiree health benefits that I am recommending is the minimum funding level that we need to contribute in order to maintain our commitment that we mutually made to the rating agencies. I have increased the County's contribution by \$61 million in FY13 which maintains a deliberate, though not precipitous pace. My recommended amount keeps us on track to fund retiree health benefits by FY15 as we have committed to the rating agencies, while increasing our ability to fund necessary restorations in critical services.

My approach to this budget continues my principal goal of achieving our economic objectives with balanced impacts on direct public services, taxpayers, and employees. The budget continues prudent policies which advance long-term fiscal stability through commitments to a healthy reserve and funding our current and future obligations.

Economic Context and Fiscal Consequences

Targeted increases in critical services must be seen in the context of the drastic reductions that the County budget has experienced in the last several years. Rather than building on an ever increasing budget, I am recommending pulling back on some of the reductions that have most negatively affected the County's quality of life.

Below is a chart that illustrates the downward trend in the growth of the operating budget, culminating in an actual reduction from FY08 to FY12.



Since taking office, I have made restoring fiscal prudence a major priority of my Administration. Responsible fiscal practices are not only essential but are the foundation for ensuring that County government is able to serve our nearly one million residents, as well as our employees – both in the short term and in the long term. We established cost containment strategies and productivity improvements that have dramatically slowed the rate of growth in the operating budget and have saved County taxpayers millions of dollars. In partnership with the Council, I have also reestablished responsible reserve and other fiscal policies that will carry this County into the future with improved, sustainable fiscal health.

In my first FY08 budget, the County faced a \$200 million budget shortfall. We reduced the tax supported rate of increase in spending by County Government from 14.1 percent to 5.7 percent. In FY09, as a result of a

plummeting real estate market and the economic downturn, our projected shortfall increased to \$401 million. In response to this challenge, we imposed a hiring freeze, produced midyear savings of more than \$30 million, abolished over 225 positions, implemented a retirement incentive program, and slowed the rate of growth in the County Government to 1.2 percent. In the FY10 budget, we closed a projected gap of \$590 million without a tax increase by reducing costs, abolishing nearly 400 positions, and eliminating general wage adjustments for most employees. In developing the FY11 budget, we faced a daunting and historic projected gap of over \$970 million. To respond to this challenge, we abolished almost 450 positions, implemented furloughs across most agencies, and achieved a contraction in the overall size of the County Government of 7.0 percent. For FY12, while the budget challenge of approximately \$300 million was relatively small compared to previous gaps, it was even more difficult to close because of the many deep reductions in County services that had been made in previous budgets.

The cumulative amount of budgetary shortfalls that I have resolved in the six budgets that I have developed and recommended to the Council is over \$2.6 billion. That, simply put, is unprecedented.

The strategic increases that I am recommending in FY13 do not restore the reductions that have been made to most of the County Departments and agencies over the past five years. Rather, they address serious deficiencies in our ability to provide basic services.

Legislation currently under consideration in Annapolis would also do great damage to our County's finances and long-term budget sustainability. Bills to shift teacher pension costs to the counties are advancing and could potentially cost \$47 million in FY13, climbing quickly to \$71 million annually by FY17. Such an enormous shift in costs would mean either significant tax increases for our residents and businesses or further reductions in services than have already been sustained.

Other legislation that would alter the structure of the Maintenance of Effort provisions requiring local governments to level fund per pupil costs would impinge on our ability to allocate scarce resources. The proposed legislation would provide the State Board of Education with the unfettered ability to judge how dollars are distributed between school boards and other local government functions. This legislation is extraordinary in its usurpation of local government prerogatives and endangers our ability to fund vital services such as public safety.

We must work with our State delegation to defeat these bills and be mindful of the significant effect they could have on our revenues and our bond rating.

Creating a Sustainable Budget that Meets our Residents' Needs

As noted above, I am recommending strategic increases in a number of critical County services such as education, public safety, libraries, seniors, and youth that have experienced unsustainable reductions over the past few years.

My Recommended Budget:

- Fully funds tax-supported budget requests from the Montgomery County Public Schools (at Maintenance of Effort), Montgomery College, and the Maryland-National Capital Park & Planning Commission;
- Makes needed strategic investments by increasing resources for Police by providing additional patrol officers and investigative positions to target crime "hot spots" in each district;

- Provides additional Fire & Rescue Service funding to fill critically needed posts;
- Restores operating hours for libraries and increases the budget for reading materials – both print and electronic;
- Boosts spending on two of my major initiatives serving potentially at-risk populations – Positive Youth Development and Vital Living for Seniors – and continues to fund programs that protect our most vulnerable people;
- Increases funding for the creation of affordable housing units – particularly for low-income seniors;
- Funds our collective bargaining contracts with unions representing general government workers, firefighters, and police that provide for a \$2,000 lump-sum payment for employees – in lieu of cost-of-living increases and increments – the first increases in three years;
- Fully funds County reserves at the policy level of \$300.2 million;
- Funds PAYGO at 10 percent of current revenue in PAYGO to match bond funding in our capital budget;
- Funds \$122 million to meet retiree health benefit obligations;
- Continues multi-agency efforts to identify long-term savings in restructuring government organization and make County services more efficient by identifying long-term savings, sustainable and stable revenues, and adopting productive and cost-effective business practices;
- Keeps property tax revenue at the current level by recommending a level below the Charter limit; and
- Retains the energy tax at the level approved by the Council in 2010, preserving a broad-based revenue source that includes federal institutions based in the County.

For the past five years, tax-supported program spending for County government has not increased. Said a different way, these expenditures have had a cumulative zero percent increase. That was necessary, first, to make County budgets more sustainable and, second, to respond to the severe economic downturn that began in the fall of 2008.

Working together, we protected the County's Triple-A bond rating. We changed our policy to increase the amount of money set aside in County reserves, renewed our commitment to phase-in full funding of our retiree health insurance obligations (Other Post-Employment Benefits, or OPEB), committed to meet our 10 percent PAYGO target, and, for the first time, set aside significant resources in advance to address snow and storm costs, which were funded previously by drawing down reserves.

Notwithstanding my longstanding (and continued) support for collective bargaining, I was unable at that time to include in my budget funding for wage agreements that would have compromised my obligation under the County Charter to present a fiscally responsible budget.

County government deferred purchases, stretched out the "life" of technology, vehicles, and other systems, deferred maintenance on County facilities, and stretched our existing resources – human and otherwise – so as to cause the least disruption in services to County residents.

None of this was easy. I made difficult choices.

Thanks to all this, I believe Montgomery County will emerge from this recession with a sustainable budget that maintains a commitment to quality services while increasing efficiency, and produces prudent fiscal policies that will serve us well into the future.

Although I have proposed strategic spending increases after five years of zero growth in tax-supported spending, I want there to be no mistake: we cannot return to the unsustainable spending of the past.

The restorations that I have proposed in FY13 are strategically focused on our highest priorities – public safety, our youth, education and our most vulnerable, including senior citizens. These restorations do not bring County spending even to the level it was five years ago.

This budget continues to balance meeting our critical needs with a prudent fiscal policy that funds our reserves, our PAYGO, and our retiree health obligations. It also keeps faith with the people who pay the bills – our County taxpayers – by matching our critical needs with the revenues available or necessary.

The Numbers

- I recommend a total County budget (which includes debt service, grants, and enterprise funds) for FY13 of \$4,565,696,206, an increase of \$199 million from the FY12 Approved Budget – a 4.6 percent increase.
- The overall FY13 tax-supported budget of \$3,973,610,920 (including debt service) will increase by \$188,637,223 from the FY12 budget. This represents a 5 percent increase.
- I recommend to the County Council that tax-supported funding for Montgomery County Government programs increase by \$64.7 million or 5.5 percent, not including required payments to the Retiree Health Insurance Trust of \$60.3 million.
- Of the \$124.9 million spending increase for County Government, \$60.3 million is for required Retiree Health Insurance Trust payments, \$37,749,979 is for Public Safety, and \$26,905,570 is for other employee compensation and benefits, fixed cost increases and non-public safety programs.
- Over the past three years, I have reduced the County Government workforce by 1,254 positions – over 10 percent. This budget strategically restores 92 positions – among them, 58 in the Police Department through increased staffing and the consolidation of 911 call-takers and 15 in libraries.
- Reductions totaling \$14 million in current County Government spending, including \$6 million in electricity costs through energy conservation savings.
- Funding for the Montgomery County Public Schools will increase by \$50.7 million – a 2.6 percent increase from FY12. The budget funds 100 percent of the Board of Education tax-supported request.
- The budget for Montgomery College increases by \$381,823, a 0.2 percent increase. The budget funds 100 percent of the College tax-supported request.
- Funding for the M-NCPPC increases by \$5.4 million, a 5.3 percent increase and 100 percent of Park & Planning's tax-supported request.

FY08 to FY13 Operating Budget Agency Rate of Growth*						
	FY08	FY12	FY13			
Tax Supported Budgets	Approved*	Approved*	Recommended Budget*	FY12-13 \$ Change	FY12-13 % Change	FY08-13 % Change
Montgomery County Government	\$1,248,525,220	\$1,175,833,680	\$1,240,489,229	\$64,655,549	5.5%	-0.6%
Montgomery County Public Schools	\$1,836,100,947	\$1,950,909,291	\$2,001,643,842	\$50,734,551	2.6%	9.0%
Montgomery College	\$196,811,472	\$218,004,776	\$218,386,599	\$381,823	0.2%	11.0%
MD-National Capital Park & Planning Commission	\$101,892,900	\$99,017,030	\$103,579,700	\$4,562,670	4.6%	1.7%
Subtotal Tax Supported Agency Expenditures	\$3,383,330,539	\$3,443,764,777	\$3,564,099,370	\$120,334,593	3.5%	5.3%
Debt Service	\$239,480,290	\$291,574,070	\$298,792,040	\$7,217,970	2.5%	24.8%
Total Tax Supported Expenditures	\$3,622,810,829	\$3,735,338,847	\$3,862,891,410	\$127,552,563	3.4%	6.6%

* Excluding funds for pre-funding retiree health insurance. The FY13 County Government tax supported appropriation includes a total contribution of \$107.4 million, including contributions of \$61.9 million on behalf of Montgomery County Public Schools and \$1.9 million on behalf of Montgomery College. The Park & Planning Commission tax supported appropriation includes a contribution of \$3,364,500.

Priorities in the FY13 Recommended Budget

The chart above indicates that since my first budget as County Executive in FY08 through the FY13 operating budget, the total tax-supported funds for County Government have actually decreased – even with the targeted increases I am recommending. This reality is just one indication of the unsustainability of the reductions experienced by County Government in the last four years.

In that same five year time period, all tax-supported agency expenditures increased by 5.3%, also a modest level of growth. It is important to note that the growth in debt service surpassed all agency expenditure growth, climbing by nearly 25% from the FY08 approved to the FY13 recommended. This disproportionate growth underscores the need to carefully control our levels of debt issuance. In fact, by reducing our annual bonds from \$320 million to \$295 million, we will reduce the rate of growth in debt service from 8.5% to 2.5% in FY13.

Under this budget, our Police Department would see a 6.9 percent increase which will include an increase of 43 additional officers – part of my three-year plan to add 120 new sworn officers and 23 Police civilian employees. This increase will provide each Police District with the resources to address problem areas or issues when they arise and will use officers strategically and efficiently. This budget also adds a second new recruit class of 30 officers and moves the County to a unified 911 call center, which will help improve efficiency and response times to emergencies.

The Fire & Rescue Service (FRS) would see a 9.2 percent increase under this budget. This funding would increase the size of each of the two FRS recruit classes from 30 to 55 each and provide additional funding to ensure minimum staffing requirements are met with reduced overtime.

Over the past five years, the Department of Public Libraries has seen the deepest reductions, 29 percent between FY07 and FY12. This budget increases library spending by nearly 10 percent and adds 15 positions. It increases materials acquisitions, expands hours at libraries open on Sundays to five hours, funds two additional Sundays at those libraries open on Sundays for a total of 47 Sundays a year, and restores longer hours in the Rockville, Quince Orchard, Wheaton, Bethesda, and Germantown libraries.

As County Executive, I implemented two initiatives that cross departmental lines of responsibility – Positive Youth Development and Vital Living for Seniors. I believe that by focusing on these service areas in a more holistic manner, we can better serve County residents and businesses by ensuring that these services are provided in coordination and comprehensively. In the past few years, both of these service areas have been reduced significantly and as a result, essential services were eliminated or reduced. In this recommended budget, I am restoring funding for some of the most critical programs that serve these more vulnerable populations.

Funding for my Positive Youth Development initiative would increase in FY13. These increases would include: extending the “Excel Beyond the Bell” after-school program to Forest Oak (Clarksburg) and Neelsville (Germantown) middle schools; funding after-school programs for Scotland Community Center while the Center is under renovation; expanding weekend and evening teen programs for middle and high schoolers; and implementing the Summer Student/Team Employment Program (STEP). In addition, the County would replace expiring federal funding to operate the UpCounty Youth Opportunity Center, along with its family intervention program, and replace the expiring federal grant funds for the Kennedy Cluster/Neighborhood Opportunity Center. The budget will enhance drug prevention and intervention at the Crossroads and UpCounty Opportunity Centers and boost the Street Outreach Network.

Assisting our seniors with options to age in place and retire with dignity and vitality are essential values. The FY13 Recommended Budget also increases resources for programs specifically dedicated to the County’s growing senior population. Highlights include senior programming at the White Oak Community Center, restoring chore services, increasing home-delivered meals, reducing the price of the second Call ‘N Ride coupon book, development of an Escorted Transportation Pilot Project, increasing contract staff for senior mental health services, and adding an Assistant State’s Attorney position to protect seniors and vulnerable adults from financial harm and fraud. The budget also provides \$1.5 million to support the development of 140 units of affordable housing for low-income seniors, the first part of a two-year commitment that will total \$6 million.

Other highlights include, \$19 million for our Montgomery Housing Initiative to create and preserve more affordable housing. The budget recommends additional funds for health care for the uninsured through Montgomery Cares. Additional resources will support the establishment of a new medical clinic in Aspen Hill. Other critical services will be expanded for home energy assistance, outreach to veterans, and winter overflow shelters.

The budget includes a 10.4 percent increase in transit (to hire more bus drivers, match the Bikesharing grant, and inaugurate new RideOn service in South Germantown, Potomac, and Gaithersburg); a \$1 million increase to address cleaning of County facilities; and an increase in the County’s Economic Development Fund.

This budget fully funds the MCPS tax-supported request at the Maintenance of Effort (MOE) level. We will continue to work with our Annapolis delegation in the General Assembly in its current session to modify the existing MOE law to provide flexibility to local governments throughout the State to respond to fiscal challenges and fund K-12 education in a manner that does not cripple other important local government services.

I fully appreciate the partnerships that the County has forged with community non-profits, County businesses, and the faith community over the past several years. These ties – through community volunteers and private funding – have been critical to maintaining a safety net for our neighbors in need and supporting activities that government cannot do alone. I have made continued support of these cost-effective, community-strengthening partnership efforts a budget priority.

Employee Compensation

Eighty percent of the County budget goes toward compensation – wages and benefits for County employees. Since taking office, I have reduced the size of the County workforce by over 10 percent, abolishing 1,254 positions. For three years County employees have not received cost-of-living increases and for the past two there have been no steps or increments as well. In FY11, all County Government employees were furloughed for between three and eight days, depending on income. Also, in FY12, the County changed the cost sharing arrangements for County Government employees for their group insurance and retirement plans, saving the County an estimated \$14.5 million.

For FY13, I am recommending – consistent with agreements reached with the Fraternal Order of Police, Lodge #35; International Association of Fire Fighters, Local #1664; and the Municipal and County Government Employee Organization, Local #1994 – a lump-sum payment of \$2,000 for most employees. This lump-sum payment would be in lieu of any cost-of-living and service increments. Until the County is on clearly more stable fiscal footings, I strongly recommend that all County employees – including those within MCPS, Montgomery College, Park and Planning and WSSC – be provided with compensation increases that do not add to our base budget.

It is important that there be parity among all of the County agencies' 30,000 plus employees. Therefore, I am assuming that within the dollars that I am recommending for MCPS, Montgomery College, Park and Planning and WSSC, their employees receive one-time adjustments that do not add to our base budget – similar to those I have negotiated with County Government employees. The economic and fiscal picture for the County remains too uncertain to add significant dollars to our wage base.

Funding the Budget

Because of financial burdens on County households as a result of the economic downturn, my budget holds the line on property taxes for County homeowners. I have set the property tax rates to provide the same level of property tax revenue, resulting in only a \$4 average increase annually in property tax bills – essentially a flat amount. My recommendation is below the County charter limit¹ on property taxes. The property tax for each owner-occupied residence will include a credit of \$692 to limit the burden on homeowners and maintain a progressive property tax structure in the County.

I am recommending to the County Council that the energy tax rate approved by the Council in 2010 be extended, rather than be allowed to sunset. The energy tax is far more broad-based than either the property or income taxes since it includes taxes on energy usage of institutions and facilities (such as the federal government) that otherwise do not pay anything in taxes to the County. Because of its broader base, this tax lowers the overall tax burden on residents and businesses of Montgomery County.

I am recommending a WSSC budget that would result in an increase in water and sewer rates of 7.5 percent in FY13 in accordance with the budget recently proposed by the WSSC.

The Water Quality Protection Fund charge will increase from \$70.50 to \$92.60 per average household annually. Through these fees, we are continuing to expand our outreach, inspection, and remediation efforts to comply with the requirements of the State's Municipal Separate Storm Sewer System (MS4) permit

¹ Section 305 of the County Charter limits the growth in real property tax revenues in a fiscal year to the rate of inflation, excluding new construction, development districts, and other minor exceptions. The Council may override this limitation through the unanimous vote of nine Councilmembers.

requirements. The MS4 permit requires the County to upgrade existing stormwater management facilities and improve our efforts at controlling stormwater runoff especially through the use of Low Impact Design approaches. Details on fee increases are provided in the Revenues section of my Recommended FY13 Operating Budget.

Again this year, the budget will not include funding from an Emergency Medical Services (EMS) transport fee. The result of the 2010 election year referendum meant the loss of over \$14 million this year, \$17 million for the coming year, and over \$160 million over 10 years from insurance companies and the federal government. It is very unfortunate that the County is not able to avail itself of these additional, ongoing, non-tax supported resources to sustain and grow our Fire and Rescue Services in the coming years, at no cost to County taxpayers.

Focusing on Productivity and Performance

We should continue to make every effort to make our operations more efficient, productive, and effective. To accomplish these objectives, I have instituted several measures to make Montgomery County Government even better and more efficient in how we operate and provide services to the community.

My CountyStat initiative has made significant progress in tracking the County's performance in addressing challenges using real-time data and holding departments and agencies accountable for the results in a number of operational and policy areas. The CountyStat program has provided a forum for ongoing monitoring and measurement of the effectiveness and efficiency of County Government services. This program has been a major success in improving the responsiveness and efficiency of the County Government.

Our CountyStat meetings are open to the public and all CountyStat reports can be found at <http://www.montgomerycountymd.gov/mcgtmpl.asp?url=/content/exec/stat/index.asp>. The availability of information from this impartial source offers our residents and taxpayers an opportunity to fully examine some of the more critical resource issues in County Government.

The implementation of the centralized MC311 call center and MC311 web portal has enhanced community services by allowing our residents to use one number to call a centralized call center to respond to their information or service requests. In addition to allowing easier access to government information and services, MC311 has been implemented in a cost-effective manner by consolidating five current call centers housed in various departments, and centralizing the information and referral calls currently received by each of the Executive Branch departments and offices. Information obtained, combined with financial information from the Enterprise Resource Planning (ERP) system, provide important tools to make more informed decisions about how to best use our scarce resources.

Final Thoughts

Despite the extraordinary challenges we are currently facing, I remain very optimistic about the future of our County. The quality and effectiveness of services we offer our residents in the areas of education, affordable housing, public safety, and health and human services are among the very best in the nation. We have made significant advancements in working collaboratively at the local level among government agencies and with our employee representatives. We have long understood that Montgomery County is the economic engine for the State, and our efforts locally to update our land use plans, establish and maintain prudent financial management, take advantage of the emerging green energy market, and support the rapidly growing bio-tech market are positioning us well for the future. The silver lining of the economic downturn is that

it has refocused our attention on providing our residents with essential services, while also reestablishing prudent fiscal policies that will guide us into the future.

Montgomery County is one of the most dynamic, growing, and cosmopolitan areas in both the Washington region and the nation. I will continue to work with the Council and the other agencies to ensure that our policies support and encourage this growth and diversity.

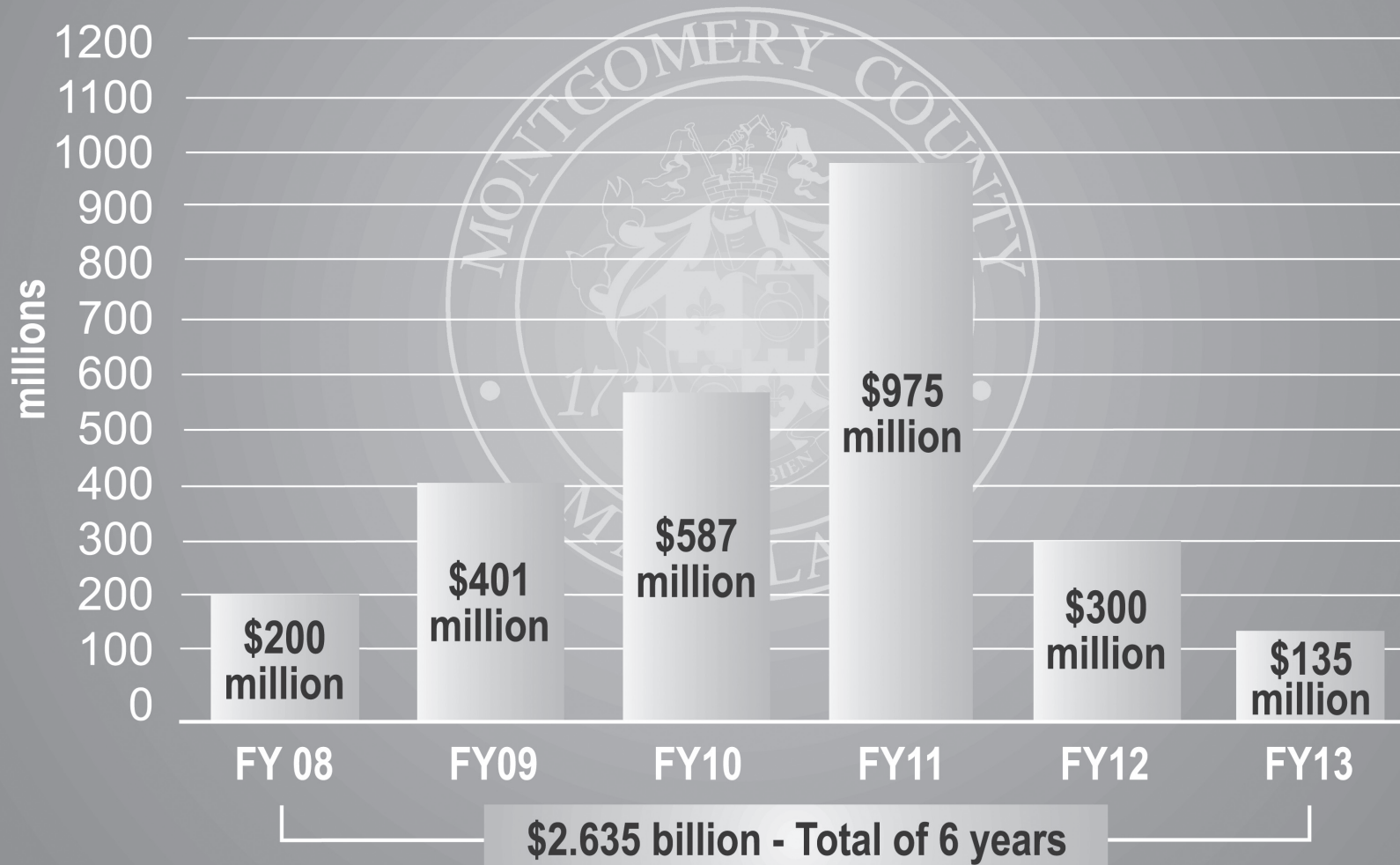
The wonderful people of this county are our greatest asset and continue to inspire my hope and confidence for our future. Nearly a million strong today, our residents have sacrificed to maintain services during these trying economic times by contributing more in taxes, community service, and by helping protect and serve the most vulnerable in our County. I am deeply grateful to them and humbled to serve as their County Executive.

Finally, I want to thank those who contributed to the development of this spending plan including the Board of Education and Superintendent at Montgomery County Public Schools; the Trustees and President of Montgomery College; the Chair of the Maryland-National Capital Park and Planning Commission and the Planning Board; the Commissioners and General Manager of the Washington Suburban Sanitary Commission; individual residents, as well as members of boards, commissions, and committees; community-based organizations; and directors, employees, and employee representatives of departments in all agencies.

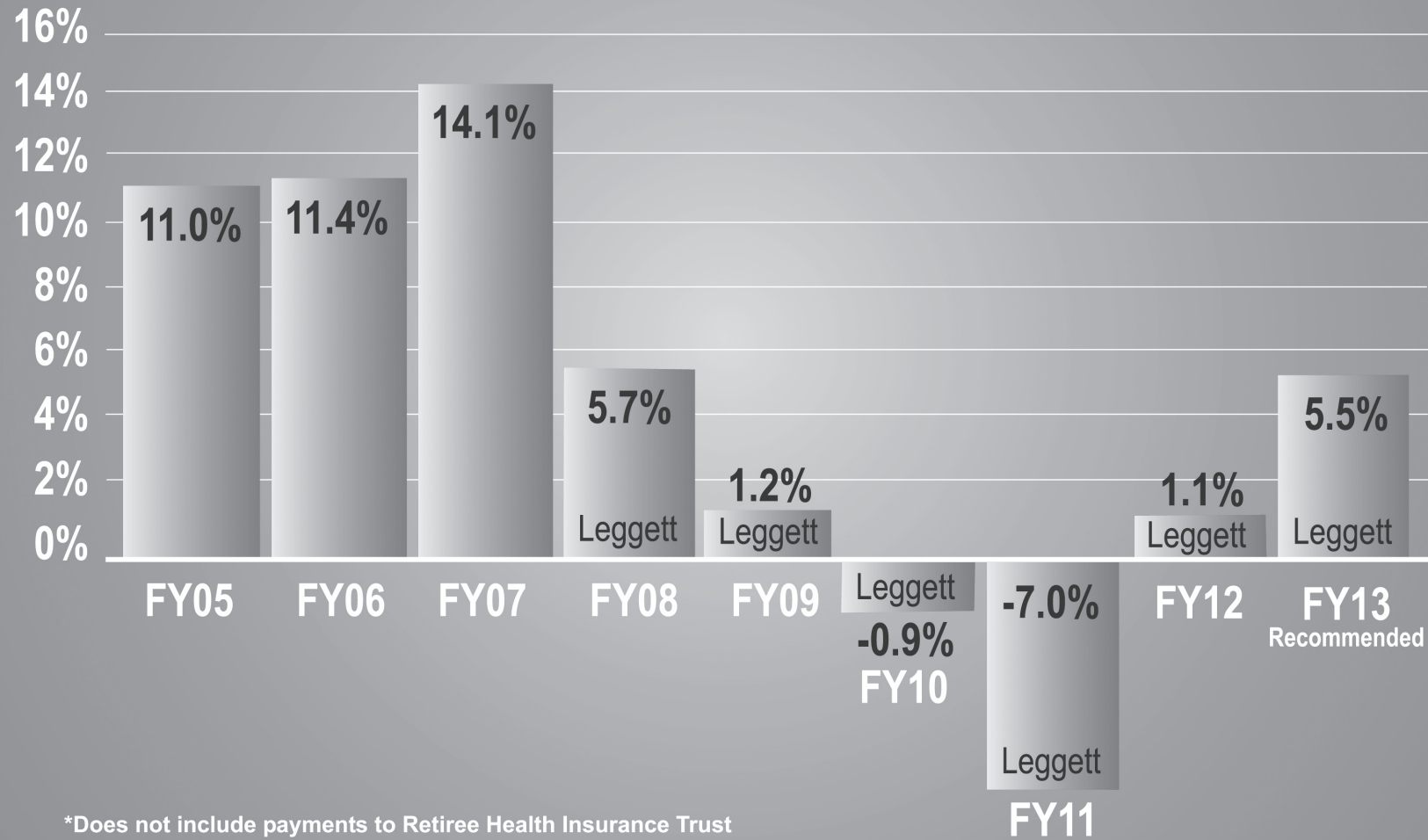
Highlights of my recommendations are set forth on the following pages and details can be found in the Departmental sections. The full budget can be viewed on the County's website at www.montgomerycountymd.gov/omb. Details of the budget requests for MCPS, the College, M-NCPPC, and WSSC can be seen in the separate budget documents produced by those agencies.

I look forward to working with the Council over the next two months on spending priorities and policy issues that arise and have asked Executive Branch staff to assist you in your deliberations.

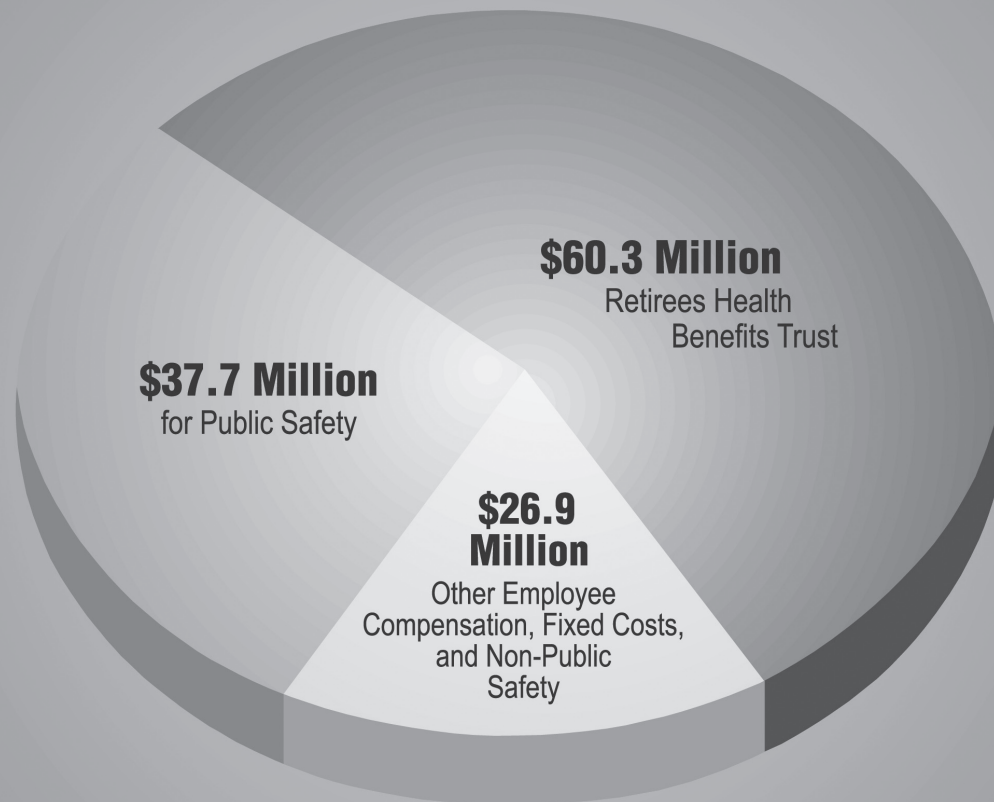
Budget Shortfalls Closed by County Executive Leggett



County Government Spending (Tax supported)



County Government Increase FY13



\$124.9 Million Total Increase



Affordable Housing in an Inclusive Community...

- Invest over \$32 million for Affordable Housing in the Montgomery Housing Initiative (MHI) fund, including \$13.4 million from the Affordable Housing Acquisition and Preservation project. This dedicated funding provides for renovation of distressed housing, the acquisition and preservation of affordable housing units, creation of housing units for special needs residents, services to the “Building Neighborhoods to Call Home,” and creation of mixed-income housing.
- Invest \$1.5 million from the MHI fund and add to previously appropriated funds for affordable housing to develop a senior independent living facility adjoining the new Silver Spring Library, providing up to 140 housing units, of which 98 would be affordable to a mix of seniors with incomes ranging from 30 to 60 percent of the area median income.
- Facilitate the completion of additional senior housing at Victory Oaks and Victory Court.
- Continue to fund from federal grants for affordable housing, housing rehabilitation, commercial revitalization, and preventing homelessness.
- Administer a new two-to-three-year state-funded Weatherization Program to provide energy-saving renovations and home-improvements for income-eligible County residents.
- Continue to provide housing code enforcement to neighborhoods for improving safety and sanitary living conditions.
- Invest in the creation and preservation of Special Needs and Senior housing.
- Continue to offer landlord tenant mediation services to an expanding rental population and provide emergency housing services for eviction prevention and special relocations.

Children Prepared to Live and Learn...

- Provide resources to accommodate the enrollment of 149,018 kindergarten through grade 12 students.
- Make a County contribution to Montgomery County Public Schools (MCPS) of \$1,409.3 million, including \$17.0 million of carryover funds.
- Support MCPS programs through expenditures in other County departments, such as Health and Human Services (HHS), Public Libraries, Police, Recreation, Community Use of Public Facilities, and Environmental Protection.
- Continue funding support through the multi-year, cross-departmental Positive Youth Development Initiative to provide a variety of services for high-risk and gang-involved youth.
- Enhance support for youth-based programming to provide students the opportunity to participate in after-school programming in a safe, positive, and supervised environment, including a Youth Media Program to support media internships and job training at MCPS Instructional Television.
- Enhance Drug Prevention and Intervention Services to high-risk and gang-involved youth at the Up-County Youth Opportunity Center and Crossroads Youth Opportunity Center.
- Provide funding for an Excel Beyond the Bell program at Forest Oak and Neelsville Middle Schools in the Clarksburg/Germantown area.
- Add funding for implementation of the summer Student/Teen Employment Program (STEP) to provide training in general landscaping, maintenance skills, job readiness, and support for community based events. The program will be designed to reach those at-risk youth in school aged 16 to 19 years old.
- Provide funding for weekend and evening teen programs for middle and high school students.
- Implement three new pilot programs for after-school initiatives in partnership with the Collaboration Council. The program includes expanded programming, hot meals, and after-school bus transportation.
- Open two new school-based health centers at Rolling Terrace Elementary School and Highland Elementary School.
- Continue the efforts of the Linkages to Learning Program to provide safety net and early intervention services to students in schools with high rates of Free and Reduced Meals.
- Partner with local non-profit Commonwealth Foundation to provide broader programming options for a summer camp at Long Branch Recreation Center, which includes arts, science, theater and swim lessons for all participants.
- Fully fund the Montgomery College request.



An Effective and Efficient Transportation Network...

- Inaugurate new RideOn service in South Germantown, Potomac, and Gaithersburg.
- Develop a new Computer Aided Dispatch/Automatic Vehicle Locator at all RideOn depots, providing real-time location data, a stable communication system, and a centralized base from which to implement automated transit information.
- Implement a driver training program to provide improved customer service.
- Replaced Bethesda Circulator buses with new vehicles at no additional cost.
- Implement a bikesharing program to provide mid- and up-county residents with alternative means of commuting.
- Implement a new debit card system for the Call N Ride program to streamline usage for riders.
- Decrease the cost of a second Call N Ride coupon book by about \$5 (depending on annual family income) to FY11 levels, directly benefiting seniors using this service.
- Continue to replace aging and inefficient lighting systems in public garages with new energy efficient lighting systems.
- Expand the Pay by Cell Phone payment system to all parking meters on street, in public parking lots, and garages County wide.
- Continue developing an on-line system for the renewal of residential and monthly parking permits in addition to the current options of renewing by mail or in-person at the two parking sales stores.
- Enhance Infrastructure Maintenance initiative to include residential resurfacing, crosswalks, patching, and sign and marking materials to address deferred maintenance and improve pedestrian safety.

Healthy and Sustainable Communities...

- Add a new Holy Cross Hospital Montgomery Care Clinic in Aspen Hill to increase access to health care for over 29,000 uninsured patients countywide through the Montgomery Cares Program.
- Launch the Healthy Montgomery website to showcase local health and well-being data and a community-wide health improvement collaborative process as the driving force in setting health priority for the County.
- Increase the number of locations where residents can obtain compost bins from 16 to 17 sites. Fourteen of these sites have evening and/or weekend hours allowing residents greater opportunities to obtain a compost bin.
- Increase the number of hours of service provided by the volunteers in the Recycling Volunteer Program to 2,094 hours of service, which equates to \$52,350 of service value donated by volunteers.
- Continue to enhance water quality by implementing the standards of the new Municipal Separate Storm Sewer System permit and the recommendations of the Sustainability Working Group.
- Continue to restore and stabilize degraded stream channels and eroding stream banks.
- Continue to improve County streams and protect residents by constructing or upgrading stormwater structures that control polluted areas.
- Continue installing rain gardens in Garrett Park, where the goal is to have at least 30 percent of properties adopt stormwater control practices in five years. This will supplement residential rain gardens installed in Glen Echo Heights in FY12.
- Continue to renew the Washington Suburban Sanitary Commission's (WSSC) underground infrastructure by providing funds for 46 miles of small water main reconstruction, rehabilitation of 55 miles of small sewers, and the inspection, repair, and fiber optic cabling of 12 miles of large diameter pre-stressed concrete cylinder pipe.
- Complete the inspection, repair, and fiber optic cabling (an early warning system) of all pre-stressed concrete cylinder pipe (PCCP) water mains 48 or more inches in diameter, and begin to examine smaller PCCP water mains by inspecting 3.3 miles of 42 inch diameter PCCP mains using new robotic technology.



A Responsive and Accountable County Government...

- Fund our collective bargaining agreements with unions representing general government workers, fire fighters, and police that provide for a \$2,000 lump-sum adjustment for most employees, the first such increases in three years.
- Continue the “no wrong door/customer service initiative” to improve the intake and screening process resulting in improved customer satisfaction and better access to the full range of HHS services.
- Continue the MC311 centralized call center to provide more direct services to residents, including an online portal available 24/7.
- Continue Business Process Reengineering and the Enterprise Resource Planning (ERP) implementation to provide state-of-the-art support for the County’s financial, budgeting, procurement, human resources and payroll functions.
- Continue the County’s social media presence on YouTube, Facebook, and Twitter to provide the ability to reach large numbers of people in short time frames. Add enhanced content support for mobile web devices.
- Implement the Open Data Initiative to publish County data for public use.
- Continue negotiating the renewal of the Comcast television franchise. The County will use focus groups, surveys, and follow-up interviews to examine the past performance of Comcast, determine what the community’s future cable-related needs and interests are, and ascertain what future services residents, schools, community groups, businesses, and local municipalities would like to include in a new cable franchise agreement.
- Restore longevity salary adjustments for eligible employees who did not receive it in FY11 and FY12.
- Increase the County’s contribution to pre-fund retiree health benefits in order to fully fund future obligations by FY15.

Safe Streets and Secure Neighborhoods...

- Increase the County's Police staffing by adding 34 Police Officers for street patrols.
- Add two Police recruit classes, with each class comprised of 30 police officer candidates.
- Increase the Animal Services code enforcement capacity by adding 6 Animal Services Code Enforcement Inspector positions. The Department will also be assuming the call-taking function from the Animal Shelter contractor.
- Streamline and improve efficiency in processing of 911 calls by transferring call-takers from the Fire and Rescue Service to the Department of Police to create a new Universal Call-Taking Center.
- Provide additional Fire & Rescue Services funding to fill critically needed posts, including funding for two recruit classes to fill position vacancies created by prior year retirements.
- Provide funding from the Drug Enforcement Forfeiture Fund (DEFF) to purchase drug testing kits for the County's correctional facilities.
- Restore funds for one Assistant State's Attorney for Special Prosecutions, who is charged with protecting seniors and vulnerable adults from financial harm and fraud.
- Enhance the Street Outreach Network staff to provide targeted outreach and engagement services with high-risk and gang-involved youth in the community and at schools in the East County region.

A Strong and Vibrant Economy...

- Continue working with small businesses interested in starting up, expanding, or relocating to the County, with a projected increase of 13,327 jobs, 3.2 million square feet of office space, and over \$755 million in capital investments over the next three to five years.
- Support the redevelopment and economic vitality of Silver Spring and Bethesda through mixed-use development projects on existing surface parking lots.

Vital Living for All of Our Residents...

- Increase operating hours for libraries (including greater Sunday service) and increase funding for both print and electronic reading materials.
- Pilot a six-month, phased-in Escorted Transportation Project to expand the Jewish Council for the Aging's "Smooth Ride Program" and to provide and coordinate new and existing escorted transportation services, including 550 one-way escorted trips.
- Provide additional home-delivered meals to chronically ill clients ages 60 and above to address the nutritional needs of the County's most frail and vulnerable seniors who are home-bound due to illness or disability. Services are targeted to individuals in greatest need with special consideration given to low income individuals, minority individuals, those in rural communities, those with limited English proficiency and those at risk of institutional care.
- Enhance funding for Senior Mental Health Services in the Senior Outreach Team contract to add a part-time therapist to serve additional home-bound seniors and coordinate medication with medical providers.
- Restore the Home Care Chore Services Program for approximately 21 low-income frail elderly persons and people with disabilities who need help with light cleaning, vacuuming, laundry, and/or meal preparation in order to remain in their own homes and in the community.
- Add Heavy Chore Services to serve approximately 25 senior clients with hoarding behaviors to prevent evictions or condemnation or to correct health and safety conditions. Services include heavy commercial cleaning and pest fumigation.
- Increase the State Senior Care Gateway Grant to expand senior care service capacity, including personal care, chore service, medications, medical supplies, adult day care, respite care, home delivered meals, transportation, and emergency response systems for low-income seniors age 65 years or older who may be at risk of nursing home placement.
- Enhance the Senior Fellows program by doubling funding. This program augments the County's workforce by tapping into the skill sets of highly talented and experienced seniors.
- Restore the Retired Senior Volunteer Program (RSVP) to FY12 funding levels.
- Restore limited contractual counseling services in the Community Engagement Cluster.

- Enhance programming at the new White Oak Recreation Center (scheduled to open in the spring of 2012), including recreational activities for seniors and community residents such as exercise classes, entertainment, art classes, special events, health education, and on-site nutrition/lunch programs.
- Enhance winter overflow shelter services and increase shelter space capacity for individuals and families during winter months.
- Continue funding for the African American Health Program, Asian American Health Initiative, and Latino Health Initiative to promote health and the prevention of diseases.
- Provide extended access at the Silver Spring Civic Building at Veteran's Plaza.
- Continue operations of the outdoor skating rink at Veteran's Plaza, a gathering place for outdoor celebrations and performances.
- Continue funding for the Neighborhood Opportunities Network to address the growing needs of residents, in response to the downturn of the economy. In FY11, more than 6,400 customers were served.
- Expand opportunities for residents to purchase a broader sampling of memberships and passes to facilities and programs.
- Partner with the Washington Nationals, Bethesda Kiwanis, and the Miracle League of Montgomery County to develop a fully accessible baseball field.
- Implement a new quarterly program for the Director of Recreation to meet with residents in a town-hall format in Montgomery County Community Recreation Centers at various strategic locations throughout the County.

Funding The Budget...

- Recommend a total County budget from all sources of \$4,565,696,206, which is \$199 million, or 4.6 percent, more than the FY12 budget.
- Recommend tax-supported funding for Montgomery County Government programs of \$1,240.5 million, an increase of 5.5 percent. Including Retiree Health Insurance pre-funding, tax-supported funding of Montgomery County Government increases by \$124.9 million, or 10.2 percent, more than the FY12 budget.
- Funding for Montgomery College's tax-supported programs increases by \$381,823, a 0.2 percent increase compared to FY12.
- Tax-supported funding for MCPS increases by \$50.7 million, a 2.6 percent increase over FY12. Local funding for MCPS increases by \$22 million to \$1.409 billion, including \$17 million in carryover funds. The budget funds 100 percent of the Board of Education request.
- Tax-supported funding for the Maryland-National Capital Park and Planning Commission (M-NCPPC) increases by \$5.4 million or 5.3 percent from FY12.
- Recommend property taxes below the Charter limit with a \$692 homeowner's property tax credit to support a progressive property tax structure.
- Fund WSSC's FY13 operating and capital budgets in conjunction with a 7.5 percent rate increase consistent with the spending control limits adopted by the Montgomery County Council.
- Provide for additional positions and initiatives to comply with the new MS4 permit, maintenance of new stormwater facilities added to the inventory, process enhancements to the Water Quality Protection Charge (WQPC), and storm drain maintenance currently supported by the General Fund by increasing the WQPC from \$70.50 to \$92.60 per equivalent residential unit.
- Promote existing mechanisms for senior citizens and those on limited incomes to assist them as needed with property tax increases, such as the Senior Tax Credit program that benefits eligible residents who are at least 70 years of age. This credit is calculated as 25 percent of the combined State Homeowners' Tax Credit and County Supplement.
- Retain the energy tax at the level approved by the Council in 2010, preserving a broad-based revenue source that includes federal institutions located in the County.

The County Executive's Initiatives to Build Accountability for Results

The Montgomery County Results

“However beautiful the strategy, you should occasionally look at the results.”
Winston Churchill

Following his election, County Executive Isiah Leggett asked a group of 150 residents representing diverse interests and cultures to identify the qualities of life in Montgomery County that matter most. They identified what are now called the Montgomery County Results (A.K.A. Montgomery County priority objectives):

- A Responsive and Accountable County Government
- Affordable Housing in an Inclusive Community
- An Effective and Efficient Transportation Network
- A Strong and Vibrant Economy
- Children Prepared to Live and Learn
- Healthy and Sustainable Communities
- Safe Streets and Secure Neighborhoods
- Vital Living for All of Our Residents

Building a Culture of Accountability for Results

The County Executive believes that local government can – and must – continually strive to do a better job in its use of finite public resources to help achieve and sustain the Montgomery County Results. He believes to do so, however, requires a culture change. To establish and maintain a results-based culture, the County Executive, therefore, has implemented the following initiatives. These initiatives work together in a coordinated fashion to use data and objective measures to improve performance and the use of all County resources.

▪ Results-Based Budgeting

At the direction of the County Executive, the Office of Management and Budget, with the CountyStat Office and County operating departments, has realigned the County's budget process to focus on results rather than annual, incremental changes. Results-Based Budgeting ensures that resource allocation is based on County priority objectives to make government more responsive, that programs and initiatives are operating effectively and efficiently, and that tax dollars are spent wisely through the use of performance data as a primary basis for review and analysis of budgetary requests. The fiscal year (FY) 2009 Operating Budget, as a first step, introduced Headline Department Performance Measures, which are described below. Beginning in the FY10 budget, the Headline Measures were supplemented by the inclusion of program level measures. Beginning in

FY11 and enhanced in FY12, operating budgets were systematically reviewed in multi-departmental groups. Group reviews were to ensure that the interrelationship and risk of proposals for reductions or increments in each department were fully evaluated and collaboratively presented to the County Executive. When fully implemented, Results-Based Budgeting will:

- Rely on historical and projected performance data and other reliable and relevant evidentiary data to justify budgetary allocations through the demonstration of performance results;
- Document the “return on investment” expected from budget expenditures by assessing the impact of those expenditures on the customers of County services (“customer results”), the quality of life in Montgomery County, and the Montgomery County Results;
- Enhance opportunities for cross departmental/agency coordination and resource allocation decisions, since the corresponding impact of resource changes on performance can be evaluated in a timely and objective manner;
- Use data systematically and transparently to drive the decision-making processes by which finite resources are allocated to achieve both customer results and the Montgomery County Results;
- Provide a better basis for decision making and administration of annual budgets, including additional investments or budgetary reductions, since these decisions would be based on alignment with priority objectives and performance data. This includes changes of the use of base funding if such changes will improve results, as opposed to limiting such decisions to only new or incremental funding;
- Routinely seek improvements to productivity and no-cost or low-cost solutions to problems; and
- Be used for the annual budget development and review process, as well as any mid-year decisions.

Moving to a results-based accountability system is a work in progress that will require a continual evolution in the County’s corporate culture and internal systems and processes to focus management and staff efforts on improving performance and achieving the County’s priority objectives.

■ **CountyStat**

CountyStat is a component of the County’s results-based accountability system, and a mechanism for performance management in Montgomery County government. Its goal is to improve government performance through greater accountability, better transparency into County challenges and successes, ultimately moving forward towards a culture of “managing for results” and a more effective and efficient County government. CountyStat is guided by four simple principles: require data-driven performance; promote strategic governance; increase government transparency; and foster a culture of accountability. CountyStat meetings, led by the County Executive and the Chief Administrative Officer, are held on a routine basis as a tool with which to examine the results of its activities.

CountyStat also provides an array of facilitation and analytic support services not necessarily culminating in a formal CountyStat meeting. These services allow the County government to make informed decisions based on rigorous analysis. CountyStat staff often focus on strategic-level decision-making processes that lead to systemic change. This work includes but is not limited to consultation on departmental strategic planning, cost benefit analysis, program evaluation, quantitative and qualitative investigative studies and extensive survey development, implementation and analysis.

CountyStat manages the following results-based accountability tools:

▪ **Headline Department Performance Measures & Departmental Performance Plans**

The County Executive directed department heads to focus their management on the achievement of “customer results.” As a first step, each department identified not just their customers and the services they deliver to those customers but, most importantly, the outcomes they hope to achieve for those customers.

Departments then identified “Headline Department Performance Measures,” data to gauge (1) the extent to which the desired results are being achieved, and (2) the efficiency of each department in achieving its results. Headline Measures do not attempt to measure all the work that the departments do. Instead they focus on the core missions of departments and, with a small set of outcome measures, are used to monitor department performance.

In addition to the Headline Measures all County departments developed Department Performance Plans. Each Plan begins with the Headline Department Performance Measures, which gauge how well customer results are being achieved, as well as the department’s operational efficiency. The Performance Plan then provides a succinct analysis and an action plan, including a budget, for improving performance – as measured by the trend lines of the Headline Department Performance Measures. These documents are used by departments as strategic planning devices and by the County Executive and Chief Administrative Officer to hold Department Directors accountable for outcome results.

▪ **Montgomery County Performance Measurement Dashboard**

CountyStat created an online-accessible performance reporting dashboard, which includes all departments’ Headline Performance Measures. This dashboard, located on the County’s website at www.montgomerycountymd.gov/countystat, serves as a valuable tool for policymakers and residents enabling them to monitor County performance over time to ensure the needs and priorities of residents are consistently met by County policies. It is a key component of the County Executive’s priority of increasing governmental transparency.

▪ **Montgomery County Indicators Project**

CountyStat worked with Departmental, Agency, and community stakeholders to develop a set of indicators that represent a high-level barometer of County performance and reflect the quality-of-life in Montgomery County, benchmarked against a regional and national grouping of comparable jurisdictions. Benchmarking is an additional data tool for the County as it assesses its progress towards achieving its priority objectives.

To connect all of these various performance management and data driven decision-making tools, CountyStat mapped the interrelationships between the priority objectives, County indicators and related benchmarking, departmental headline performance measures, and results-based budgeting. All of these tools work together to assist County government in its effort to create an environment of transparency and accountability.

■ **Focusing on Customer Results**

The County Executive has launched several initiatives, in addition to Results-Based Budgeting, focused on improving “customer results,” including:

■ **MC311/Constituent Relationships Management System**

In 2010, the County implemented a centralized 311 Call Center and Constituent Relationship Management system (CRM). The public can now call one number to access County government services, or access information to County government services via internet any time of day or night, including the ability to submit a service request. Over the past year 589,620 service requests were generated. The public can now reach a live person, find out pertinent information about services, and learn when their request will be handled. Through ongoing customer feedback data, service trends have been identified; government responsiveness is assessed, and business process improvements and strategies have been realized.

A recent survey of thousands of users of the County’s 311 web site showed more than 76 percent of users were satisfied or extremely satisfied with their overall MC311 website experience. The survey also showed that about 77 percent were satisfied or extremely satisfied with their ability to find the information they were looking for on the MC311 website and more than 78 percent were satisfied or very satisfied with the ease of using the website.

In the future, MC311 will work with County government services to continue to blend front and back office operations using the data generated by the CRM to more efficiently meet the needs of Montgomery County residents.

■ **Enterprise Resources Planning System**

The County is modernizing its Core Business Systems to improve efficiency, effectiveness and responsiveness. The Enterprise Resource Planning system (ERP) will provide a significant upgrade to the County’s financial, procurement, human resources and budgeting systems, will streamline business processes, and will produce enhanced reports for data-driven decision making – all key to improving customer results. In FY11, the County successfully implemented the financial, procurement, and human resource systems on-time and within budget. During FY12, an additional 12 modules are being implemented, including the design of the budgeting system which is ongoing and is anticipated to be implemented in FY12.

■ **Decision Making that is Transparent and Driven by Data**

In addition to focusing on customer results, the County Executive is committed to decision making that is both transparent and data-driven. Results-Based Budgeting fundamentally embodies the County Executive’s commitment to these values. Other initiatives that embody these values include:

■ **Town Hall Meetings and Budget Forums**

Starting in January 2007, the County Executive has held “Town Hall” Meetings across the County. The Town Hall Meetings have provided a forum for free and candid dialogue. The County Executive also hosted a series of Budget Forums to seek input from residents on operating and capital budget priorities for the FY08-FY13 budgets. The total number of Town Hall and Budget Forums held by the County Executive to date is 48, providing a significant increase in the ability of our residents to have input into the important issues facing the County.

■ **Results-Based Accountability Successes**

The Departmental performance plans, Headline Performance Measures, Program Performance measures, and high level indicators of County performance and quality of life mentioned above as well as internal training and budgeting process changes serve as a base on which to further develop a results-oriented culture. Coordination between the Office of Management and Budget and the CountyStat Office has resulted in improved performance-based budgeting, and the new data available from the MC311 customer service system has opened up new avenues for data-driven customer responsiveness, including:

■ **Multi-Department Review of Budget Proposals**

After the departments submitted their budgets, the County's Chief Administrative Officer established five high-level working groups known as "clusters" that consisted of the directors of departments with related functions. The five clusters were organized around the County's priority objectives including:

- **Safe Streets and Secure Neighborhoods (Public Safety)**
- **Children Prepared to Live and Learn, Vital Living for All of Our Residents, and Healthy and Sustainable Communities (Health and Human Services)**
- **An Effective and Efficient Transportation Network (Public Works and Environment)**
- **Affordable Housing in an Inclusive Community and A Strong and Vibrant Economy (Economic Development and Housing)**
- **A Responsive and Accountable Government (Administration and Internal Services)**

The purpose of these clusters – which represent a more collaborative approach to budgeting in the County – was to review the service impacts of the reductions proposed by the various departments within the cluster; to identify high-risk impacts on other departments (especially those in the cluster); to identify alternate reductions, where possible; and to come to consensus on recommendations. The conclusions and recommendations of the clusters were presented to the County Executive and Chief Administrative Officer and used by them in making their final decisions on the budget.

■ **Rewarding Excellence Program**

As part of the County Executive's policy goal of creating and sustaining a Responsive and Accountable County Government at all levels of the organization, the County partnered with the UFCW Local 1994/MCGEO to create the Rewarding Excellence program which empowers front line employees to seek better and more efficient ways to provide services to our nearly one million residents.

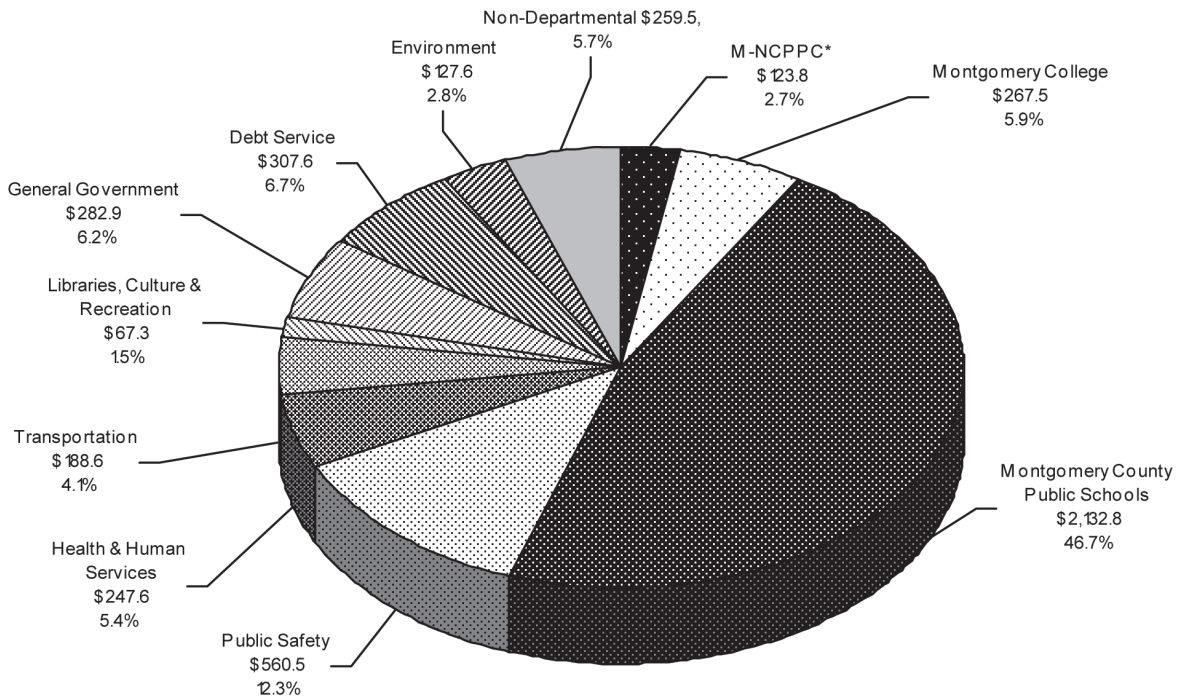
Design teams were trained and organized to encourage and promote new, innovative ideas, concepts and strategies for the cost-effective delivery of County services and products. Proposals were generated by groups of front line workers which underwent rigorous analyses to verify sought after efficiencies and savings. The surviving proposals were then reviewed by a panel consisting of four senior Montgomery County administrators and four senior UFCW Local 1994/MCGEO Union administrators who had the authority to approve the team proposals.

Teams are currently in the process of implementing “A Smarter Buying Plan” and “Reducing Energy Costs at the Strathmore Music Hall” in the Fleet and Facilities Management Divisions of the Department of General Services; and “Cost Recovery of Damaged Signal Equipment” and “Scrap Metal Optimization” in the Traffic Engineering and Operations Division of the Department of Transportation.

Approved team proposals continue to undergo a systematic evaluation process to determine quantitative cost-savings results and achieve work performance efficiencies.

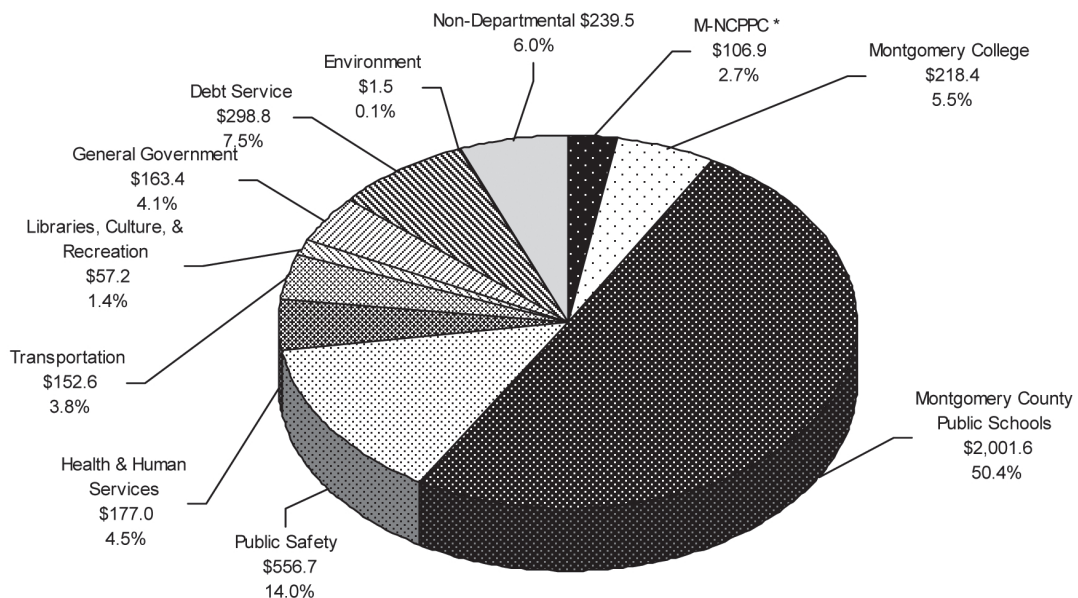
FY13 EXPENDITURES BY FUNCTION

TOTAL EXPENDITURES - \$4,565.7 (million)



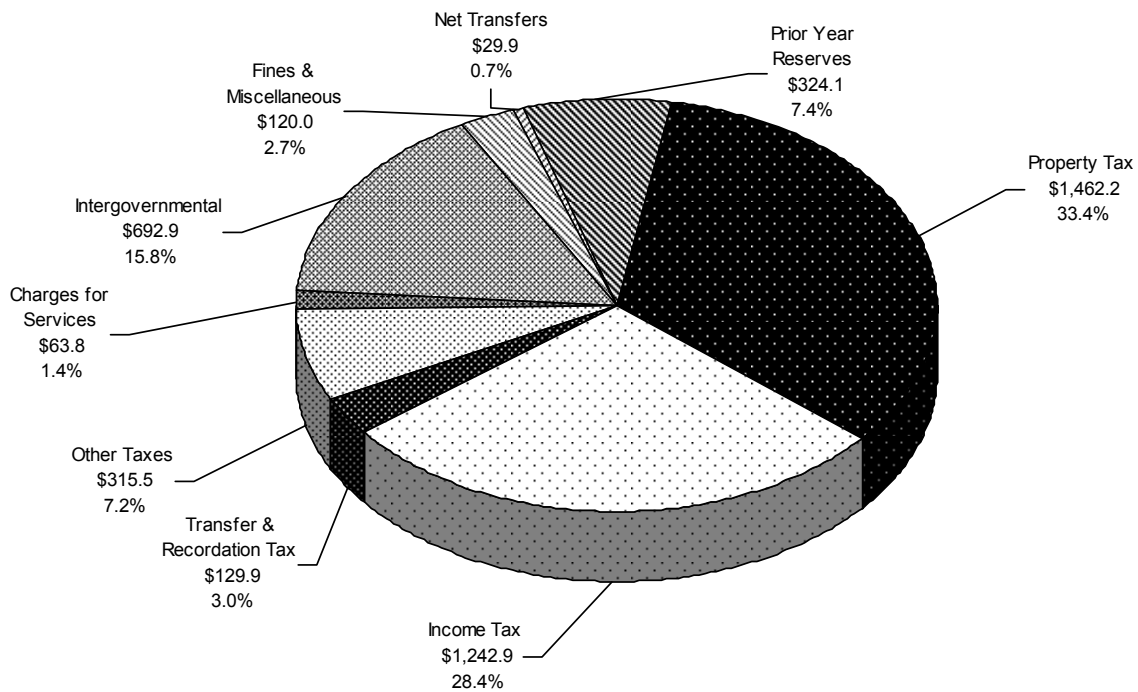
*Total M-NCPPC includes \$4.8 million debt service.

TAX SUPPORTED EXPENDITURES - \$3,973.6 (million)

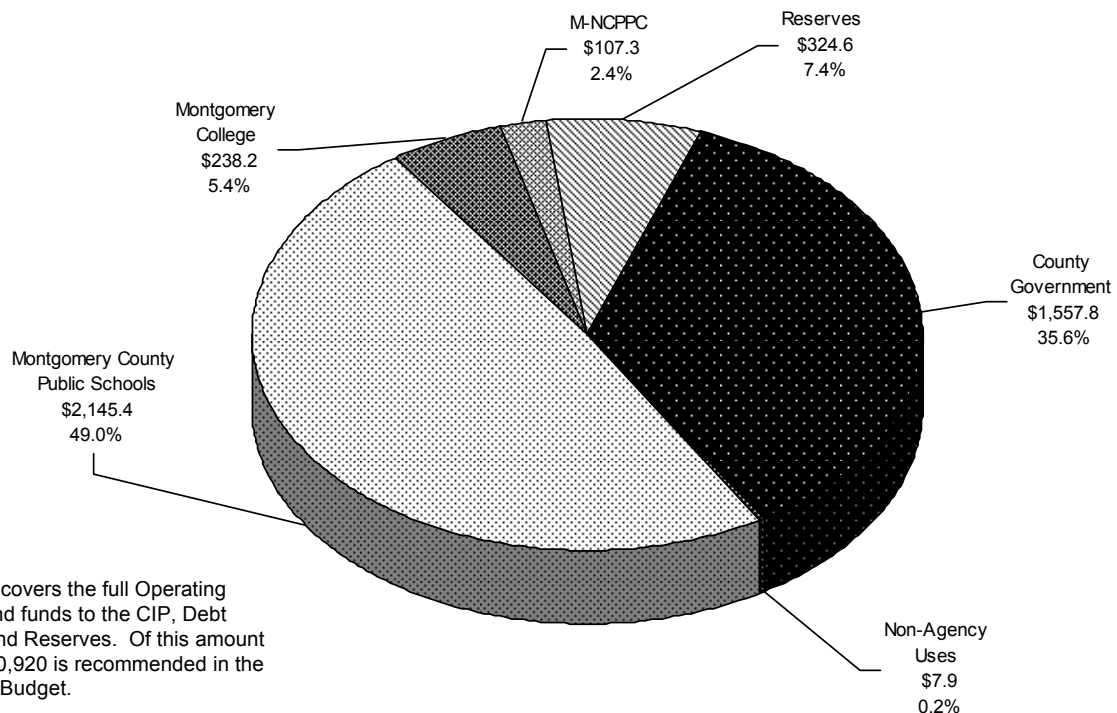


FY13 TAX SUPPORTED AGENCIES AND FUNDS

WHERE THE MONEY COMES FROM TOTAL APPROVED RESOURCES - \$4,381.2 (million)



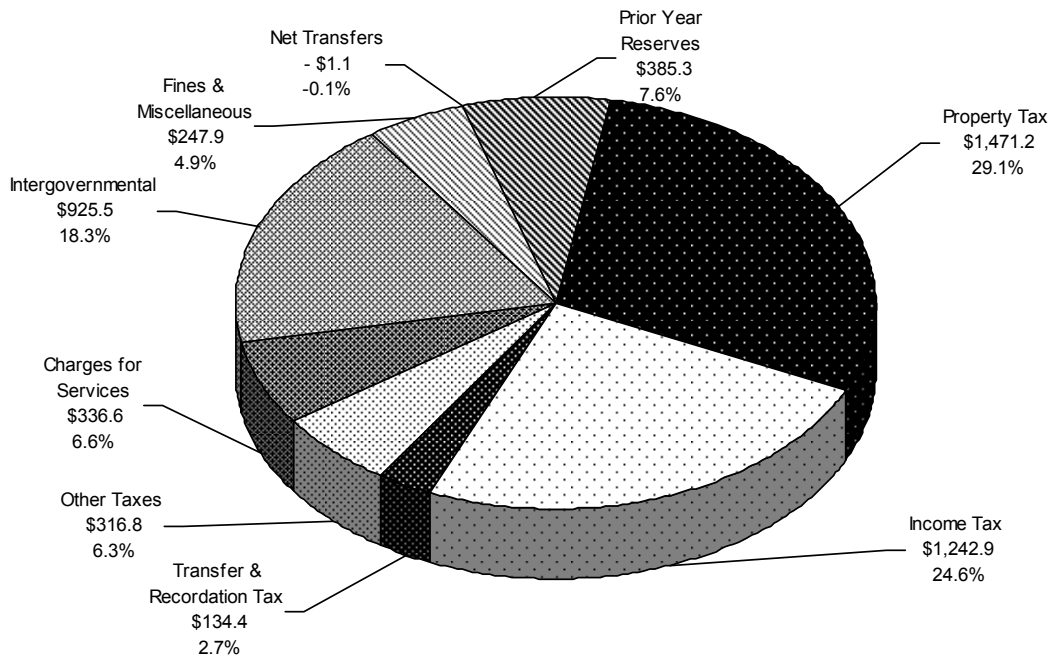
WHERE THE MONEY GOES * TOTAL APPROVED USES OF FUNDS - \$4,381.2 (million)



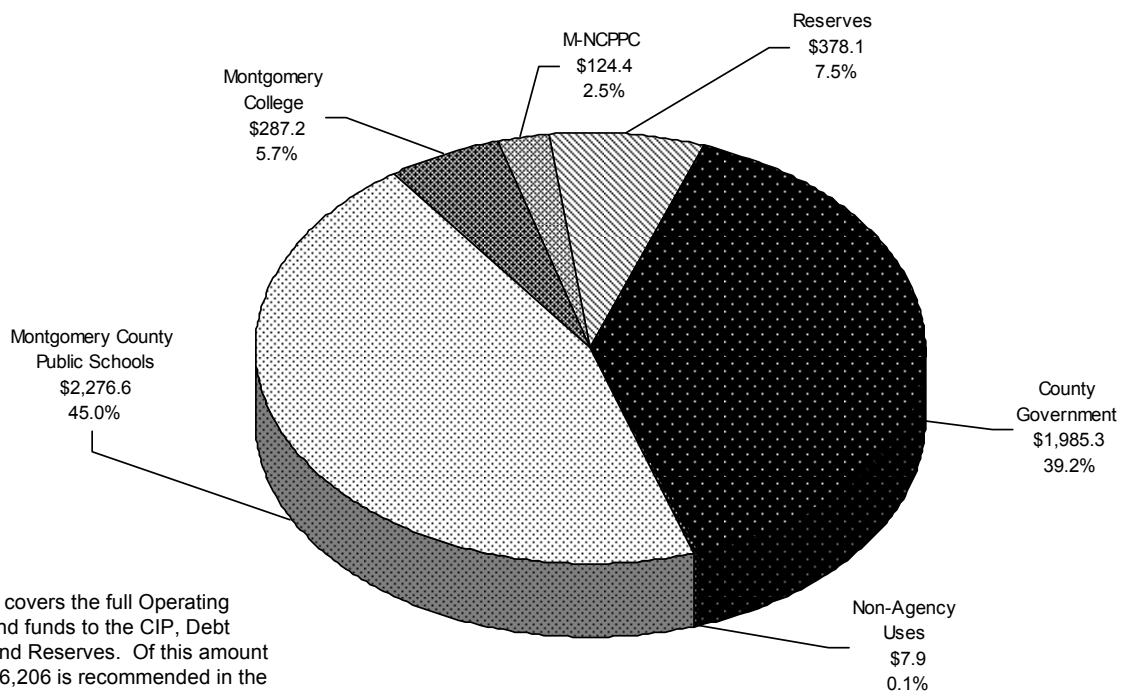
*This total covers the full Operating Budget, and funds to the CIP, Debt Service, and Reserves. Of this amount \$3,973,610,920 is recommended in the Operating Budget.

FY13 ALL AGENCIES / ALL FUNDS

WHERE THE MONEY COMES FROM TOTAL APPROVED RESOURCES - \$5,059.5 (million)



WHERE THE MONEY GOES * TOTAL APPROVED USES OF FUNDS - \$5,059.5 (million)

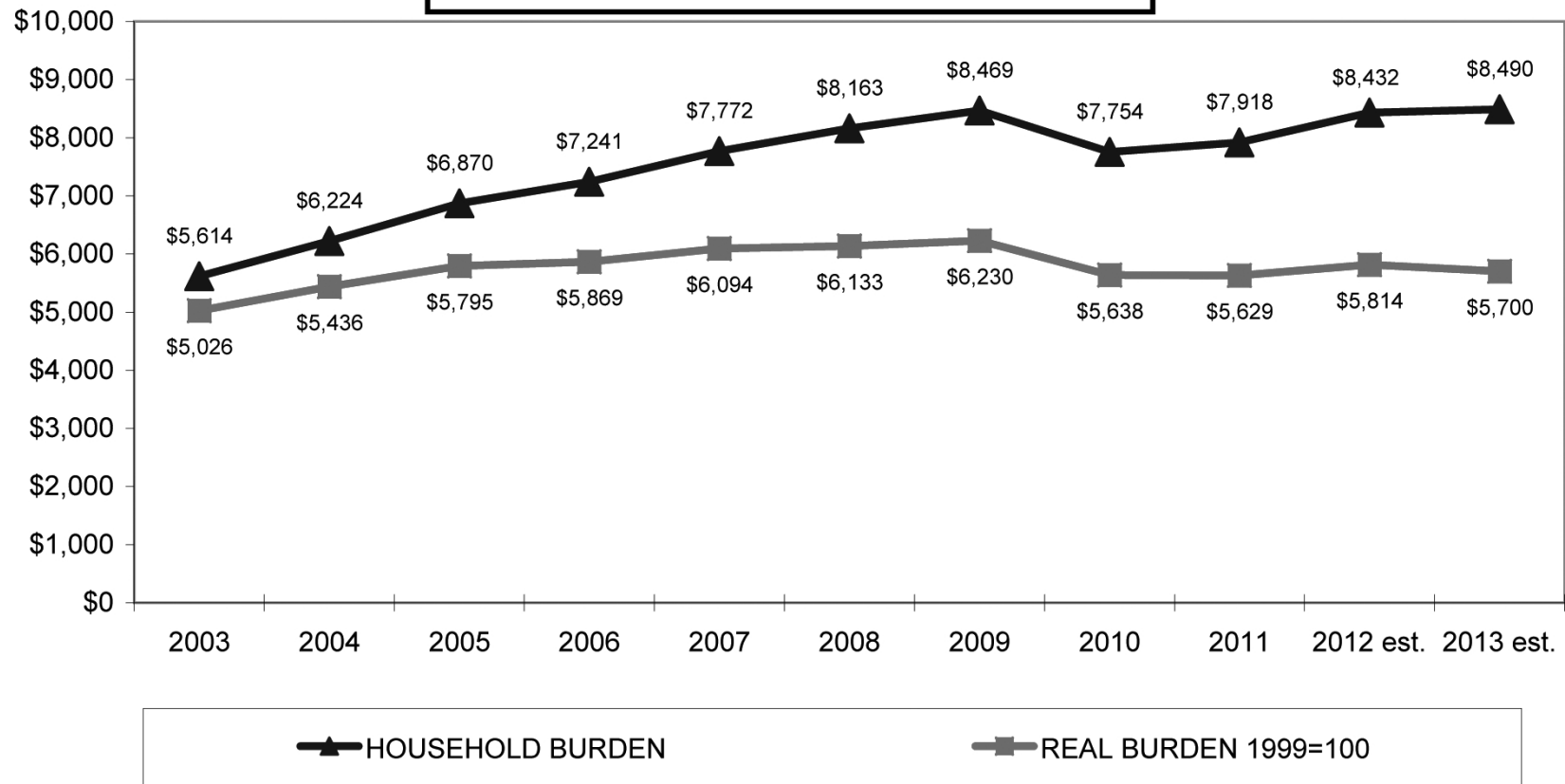


*This total covers the full Operating Budget, and funds to the CIP, Debt Service, and Reserves. Of this amount \$4,565,696,206 is recommended in the Operating Budget.

BUDGET SUMMARY BY AGENCY				
	(\$ In Millions)			
A	B	C	D	E
FISCAL YEAR	TAX SUPPORTED	GRANT SUPPORTED	SELF SUPPORTED	GRAND TOTAL
MONTGOMERY COUNTY GOVERNMENT *				
FY12 Approved	1,222.9	111.3	262.8	1,597.0
FY13 Recommended	1,347.8	107.5	278.6	1,733.9
Percent Change From FY12	10.2 %	-3.4 %	6.0 %	8.6 %
MONTGOMERY COUNTY PUBLIC SCHOOLS				
FY12 Approved	1,950.9	79.3	56.5	2,086.8
FY13 Recommended	2,001.6	73.7	57.5	2,132.8
Percent Change From FY12	2.6 %	-7.1 %	1.7 %	2.2 %
MONTGOMERY COLLEGE				
FY12 Approved	218.0	21.0	29.0	268.0
FY13 Recommended	218.4	20.2	28.9	267.5
Percent Change From FY12	0.2 %	-4.1 %	-0.2 %	-0.2 %
MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION				
FY12 Approved	96.9	0.6	16.1	113.6
FY13 Recommended	102.2	0.6	16.4	119.1
Percent Change From FY12	5.5 %	0.0 %	1.5 %	4.9 %
ALL AGENCIES WITHOUT DEBT SERVICE				
FY12 Approved	3,488.7	212.2	364.4	4,065.4
FY13 Recommended	3,670.1	201.9	381.4	4,253.3
Percent Change From FY12	5.2 %	-4.9 %	4.6 %	4.6 %
DEBT SERVICE: GENERAL OBLIGATION & LONG TERM LEASES				
FY12 Approved	296.2	-	5.1	301.3
FY13 Recommended	303.5	-	8.9	312.4
Percent Change From FY12	2.5 %	0.0 %	74.7 %	3.7 %
TOTAL BUDGETS				
FY12 Approved	3,785.0	212.2	369.5	4,366.7
FY13 Recommended	3,973.6	201.9	390.2	4,565.7
Percent Change From FY12	5.0 %	-4.9 %	5.6 %	4.6 %

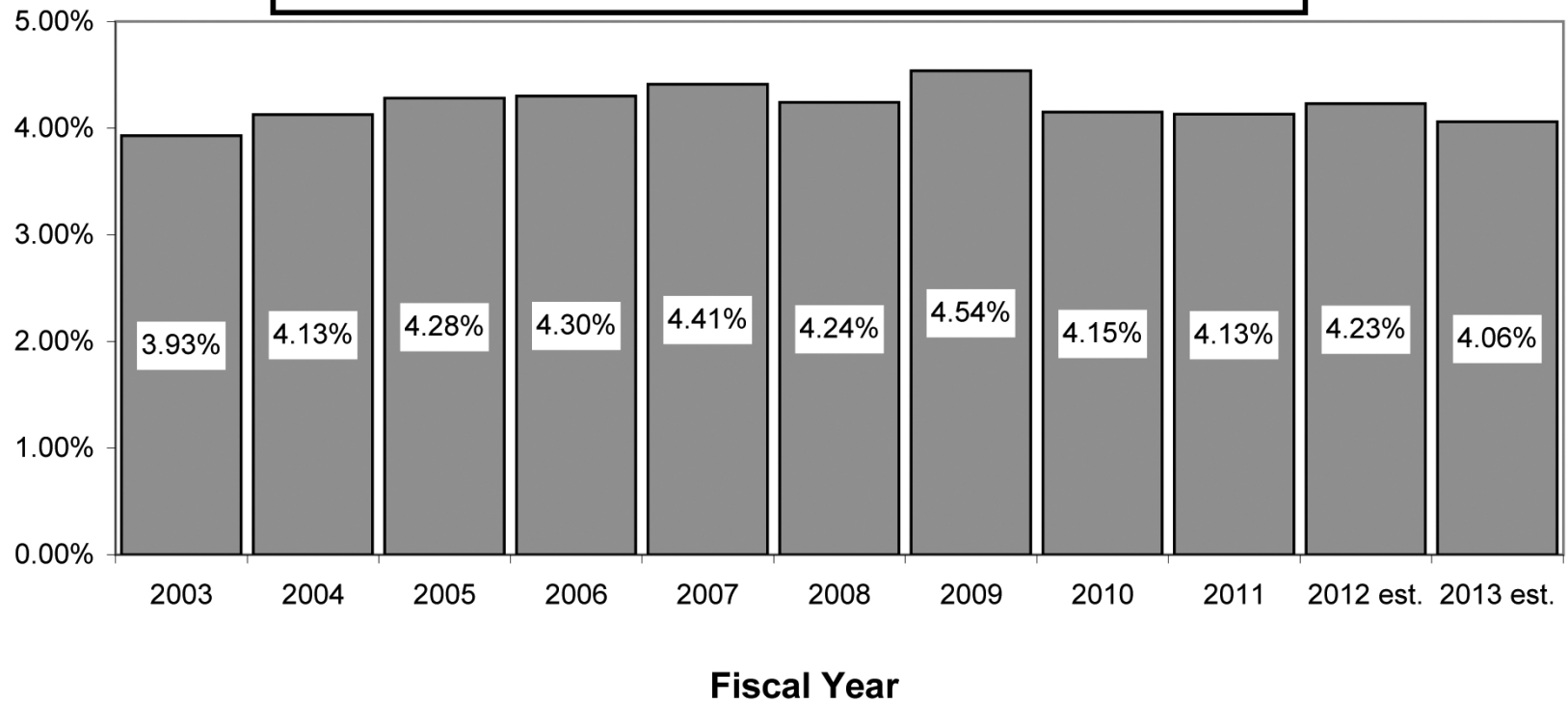
*Includes payments to Retirees Health Benefits Trust.

AVERAGE HOUSEHOLD TAX BURDEN MONTGOMERY COUNTY BY FISCAL YEAR



Prepared by Montgomery County Department of Finance

COUNTY TAXES AS A SHARE OF PERSONAL INCOME MONTGOMERY COUNTY



Prepared by Montgomery County Department of Finance



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